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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

5 March 1962

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Ne Win Coup

Conclusions

The outlook in Burma is for a long period of military rule. The military group will probably undertake, as it did in 1958, a vigorous effort to reduce corruption, improve governmental administration, repress pro-Communist political activity, and reduce insurgency among ethnic groups. It will, however, face greater difficulties than it did during its previous tenure. In their efforts to deal with economic stagnation, the military leaders will probably press for the implementation of the economic aid agreements with Communist China, while seeking new and additional sources of assistance, including the US. Burma's foreign policy will continue to be neutralist, and designed to avoid antagonizing Communist China.

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Background to the Coup

1. General Ne Win, Chief of Staff of the Burmese Army, leader of the recent military coup, and now Chairman of the Union Revolutionary Council which has assumed full power in Burma, is in many ways unique among Southeast Asia military leaders. He is a national hero who played a major role in Burma's independence and postindependence struggles. He commands the genuine respect and loyalty of Burma's armed forces. In terms of national prestige and public affection, he is second only to U Nu, the gentle and ineffectual politician who possesses great mystical appeal to the Burmese people. General Ne Win is also unique in that he executed a bloodless coup in October of 1958 and then, after 18 months of army rule, held free elections and voluntarily relinquished control, in April 1960, to the winner, U Nu, the man he had displaced.

2. Ne Win is a professional soldier. In the past, he has evidenced no personal political ambition or taste for the intellectual demands and social rituals of high political office. As a patriot and one of the founders of the Union of Burma, however, he has been deeply concerned with the political factionalism and paralysis, the administrative inefficiency, and the corruption

which has characterized Burmese government. It was the political and economic drift and decay which led him to agree to the urgings of a number of younger politically-oriented officers to "take over" the government in 1958 and institute a vigorous program of house-cleaning, reform, and repression of aboveground Communists and pro-Communist elements, which had achieved considerable influence under U Nu's government. Special efforts were made to lend constitutionality to the army takeover; the Parliament confirmed Ne Win as Prime Minister and the "caretaker" nature of his government was emphasized.

3. The Ne Win government brought about many significant and important improvements in Burma's economic and political climate during its year and a half of rule. However, it made little lasting impact. It created an atmosphere, for a time, in which fundamental economic and political changes might have been made, but it lacked the know-how, the human and material resources, and the public support to do more.

4. During the period of army control, Burma's neutralist foreign policy was adjusted to a less hostile position with respect to the US and it assumed a less sympathetic tone with respect to the Communist Bloc than had been the case under U Nu. Ne Win

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initiated the termination of the considerable Soviet economic effort in Burma which had proven unsatisfactory to both parties. His government turned to the US for economic and technical assistance and for some military training and materiel aid. However, Ne Win and the key officers around him probably had no overriding pro-East or pro-West bias. Above all they were and still are Burmese nationalists. Ne Win probably is convinced that neutralism is the only feasible foreign policy for Burma. As a military man he is almost certainly deeply concerned with Communist China's military power and intentions. The negotiations which led to a peaceful and mutually-satisfactory definition of the long-disputed Chinese-Burmese border were conducted, for the most part, during Ne Win's tenure.

5. Despite the many accomplishments of army rule, Ne Win became increasingly concerned by mounting evidence that the army was becoming unpopular. He probably feared that the army, with so many temptations, would become corrupt and so unpopular as to lose its integrity as a military force and its usefulness as a political force. Ne Win himself, who never aspired for political leadership, wearied of the task and was increasingly troubled by a variety of painful physical ailments. Most of his military

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advisers which to prolong military rule to consolidate reforms and, in some instances, to perpetuate their economic and political positions. Ne Win insisted, however, that power be returned to civilian leadership on the basis of free and fair elections. It is a tribute to the prestige and influence he has within the military that his wishes were carried out.

6. The overwhelming personal mandate accorded U Nu in the 1960 elections probably sobered and inhibited many of the army leaders. Ne Win and his colleagues stepped aside, but they made it clear that they intended to monitor the performance of the civilian politicians. It was immediately clear that U Nu had not changed and that, under him the old weaknesses, inefficiencies, and corruption would soon reappear. Within a few months considerable pressure built up within the army for new political action to reinstitute army control. Ne Win opposed such a move, and to assure his control of the army, and of the situation, he directed the resignation or reassignment of a considerable number of key officers, including one of his closest political advisers, Brigadier Maung Maung who became Ambassador to Israel.

7. The army did not fully relinquish its great accretion of power. Under Brigadier Aung Gyi, one of Ne Win's close advisers

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and probably now the second most powerful man in the army, the Defense Services Institute had amassed an extensive economic empire during the period of the Ne Win government; that empire has been maintained and greatly expanded through the Burma Economic Development Corporation, which Aung Gyi also controls. Today these two army-controlled economic enterprises are the major element in Burma's economy. Whether because of ill health, lethargy, or other interests, Ne Win, until recently, had appeared less and less willing to apply himself consistently to work and allowed Aung Gyi to play an increasingly important role. Despite the wide influence Aung Gyi has come to exert, the extent of his backing within the army is uncertain. He is ambitious, opportunistic, a clever politician, and an able and energetic administrator. He claims to be opposed to communism, but he has encouraged closer political relationships and expanded economic ties with Communist China.

Probable Causes of the Coup

8. The slow but steady deterioration of the political, economic and internal security situations under U Nu caused a steady growth of dissatisfaction and indignation among the military leaders. A large and increasing number of dissatisfied army officers carried on

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a campaign of persuasion and complaint for a considerable period of time, and despite the officer "purge" of February 1961, sought to persuade Ne Win to reassert army control. Ne Win finally ran out of patience with his old friend and colleague, U Nu. Apparently feeling better after surgery in London, he decided to heed the advice of his army colleagues to take over the government once again in order to reverse a seriously disintegrating political, economic, and internal security situation.

9. There appears to be no single issue which triggered the Ne Win coup. The decision of the army leadership to reassume political control was probably based upon an accumulation of trends and developments which Ne Win and other key officers considered adverse to the interests of Burma and of the army. The major trends and developments which led to the army decision include the following:

a. Dissatisfaction and insurgency among Burma's ethnic minorities, particularly the Shans, was becoming increasingly serious. Moreover, the army leadership probably opposed trends in the U Nu government to amend the constitution to provide for a federal state as a means of quieting the Shans.

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b. The victory of the leftist Thakin group at the All-Burma Union Party Congress in January brought the U Nu government under heavy influence of a faction of the coalition party which Ne Win and other key officers believe to be corrupt, sympathetic to Communist China and to indigenous Communist and pro-Communist insurgents, and antiarmy. Moreover, the party congress revealed increasing factionalism and bickering among the civilian political leaders and groups, a state of affairs that has always been distasteful to the Burmese military leaders.

c. There was a marked general deterioration in the economic and internal security situations and in governmental efficiency. The military leaders ascribed the decline to the ineffectiveness of the U Nu government. They almost certainly resented what they thought was an undoing of everything the Ne Win caretaker government had accomplished.

d. U Nu apparently had decided to resume the economic relationship with the USSR, which Ne Win had terminated. Moreover, the terms which U Nu was prepared to accept were probably considered unacceptable by the army leaders.

e. Ne Win, Aung Gyi, and other key military leaders have taken an ambiguous position with respect to Burma's increasingly

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close relations with Communist China. However, they are probably disturbed by the continued presence of Chinese Communist troops in north Burma and the activities of those troops among the ethnic minorities. Now that the Chinese Nationalist irregulars have been reduced by joint Chinese Communist-Burmese operations, the Burmese military almost certainly want the Chinese Communist troops withdrawn.

10. The coup of 1 March probably was not hastily conceived and planned. Ne Win is not an impetuous man, and the smoothness with which the coup was executed and followed up with implementing acts and announcements indicate careful planning. Security was very well maintained, as was the case prior to the army takeover in 1958, indicating careful screening of the major participants and their personal commitment to Ne Win and to the takeover. The decision as to the precise timing of the army move probably was made on short notice, and based upon a number of pertinent circumstances: nearly all important political figures were in Rangoon where they could be quickly and easily rounded up; general dissatisfaction with conditions in Burma was high; and U Nu's government had recently alienated the business community by ordering the nationalization of that part of Burma's import-export trade which remained in private hands.

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11. An uncertain element in the motives of the military leaders is the attitude toward the Chinese Communist economic aid program. There has been some evidence of a growing disillusionment over the \$84 million economic and technical cooperation agreement signed in January 1961. The Chinese were slow and difficult in negotiating the protocols; however, in December of 1961 seven projects were agreed upon, including two hydroelectric plants in the frontier areas, a tire factory, a spinning and weaving mill, a plywood factory, a sugar mill, a paper mill, and two bridges over the Salween River. Six of these projects are scheduled to be carried out under the auspices of the army-controlled Burma Economic Development Corporation. A high-level Chinese Communist delegation was in Rangoon for final negotiations at the time of the coup. It is likely that the military leadership intends to go forward with the Burmese-Chinese Communist economic relationship without significant change.

The Outlook

12. Ne Win, at least at present, is not inclined to turn the government back to civilian politicians at an early date and he does not regard the present army takeover as a "caretaker" measure. However, as before, Ne Win will probably soon weary of

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political leadership and come to worry over public criticism and the almost inevitable increase in corruption within the military. These factors will probably cause him in time to consider ways and means of divesting himself of political duties, which he considers arduous and disagreeable, and of getting the army back to the barracks.

13. However, he is likely to have much greater difficulty than in 1960 if he attempts to convince his military colleagues to step aside for a return of civilian government. Ne Win is probably now in full control of the coup and the coup group, but his continued authority cannot be taken for granted. He is surrounded by many capable, ambitious and determined officers who have gained much experience in the past four years and who, on the one hand, have had enough of U Nu, political parties, and civilian politicians, and on the other, have developed a taste for political and economic power. Consequently, the outlook is probably for a long period of military rule. In time, Ne Win's military advisers will probably be given, or assume, increasing responsibilities, with Ne Win moderating differences among the army leaders.

14. The military group will probably initiate, as they did in 1958, a vigorous effort to reduce corruption, improve governmental administration, repress internal Communist and pro-Communist

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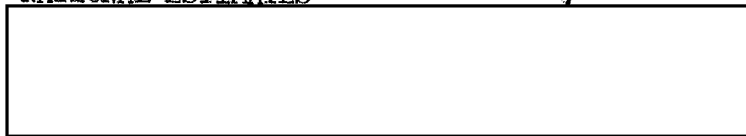
political activity, and reduce insurgency. In seeking to carry out its domestic reform program, however, the new Ne Win regime will probably face greater difficulties than it did in the past. This time its takeover did not have even the grudging approval of the major political elements for its takeover, which it had in 1958, and, this time, U Nu may not give the takeover his blessing, ex post facto, as he did before. Rule by the military will be arbitrary and unpopular, as it was before. In their efforts to deal with economic stagnation, the military leaders will probably press for the implementation of the economic aid agreements with Communist China, while seeking new and additional sources of aid and assistance, including the US. Emphasis will probably be upon grant aid, as it was in 1958-1959.

16. Burma's foreign policy will continue to be based upon neutralism and upon the avoidance of undue antagonism of Communist China. Burma's neutralist foreign policy may be adjusted toward the West and the US, especially if Brigadier Maung Maung returns from Israel to play an important role in the military group, which is likely. The military group will probably attempt to reach an understanding with Peiping for the removal of Chinese Communist troops remaining on Burmese soil. As part of that effort they

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will be especially sensitive to the presence and activities of Nationalist irregulars remaining in the area. That issue, as in the past, will probably be a major factor in Burmese-US relations.

FOR THE BOARD OF NATIONAL ESTIMATES



SHERMAN KENT
Chairman

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C E N T R A L I N T E L L I G E N C E A G E N C Y

7 March 1962

MEMORANDUM FOR THE UNITED STATES INTELLIGENCE BOARD

SUBJECT: Attached Memorandum, "The Ne Win Coup"

The attached Memorandum for the Director entitled "The Ne Win Coup" dated 5 March, is forwarded for your information.

/s/
CHESTER L. COOPER
Deputy Assistant Director
National Estimates

NOTE TO BOARD AND STAFF: Subject memo has already been forwarded to you on distribution as Memo for the Director. This cover is being forwarded to notify you of the further distribution.

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MEMORANDUM FOR: The Director *OK*

Recommend we distribute this memorandum to the USIB for information only.

[Signature]

Sherman Kent
Assistant Director
National Estimates

cc: DD/I *x* *Miss G/B* 5 March 1962
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